GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:4273
ANSWERED ON:11.08.2017
Ordnance Factories and Defence PSUs
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Will the Minister of DEFENCE be pleased to state:

(a) the total Ordnance Factories (OFs), Public Sector Units (PSUs) and research and development establishments under his Ministry;

(b) the indigenous equipment and machineries produced by these establishments and the total foreign exchange saved from their production in the last five years and the current year;

(c) the reasons for the lacklustre production from these establishments needing heavy import in the defence sector;

(d) whether there is a move to encourage private players in defence production rather than enhancing Ordnance Factories (OFs) and if so, the details thereof; and

(e) the measures taken to ensure these OFs, PSUs and Research Centres are fully equipped to meet our demand?

Answer

MINISTER OF STATE (DR. SUBHASH BHAMRE)
IN THE MINISTRY OF DEFENCE
????? ????? ?????? (??. ????? ?????)
(a) 9 Defence Public Sector Undertaking (DPSU) with 47 units &Ordnance Factories with 41 units and Defence Research and Development organisation (DRDO) with 54 research and development establishments are there under this Ministry.
(b) Indigenous design, development and manufacturing of Defence Equipment is an ongoing process to achieve self-reliance in Defence. The above organizations in the past have designed, developed and manufactured several major defence equipment indigenously. These inter-alia include Light Combat Aircraft (LCA), Akash Surface to Air Missile System, Advance Light Helicopter (ALH), Weapon Locating Radar, Central Acquisition Radar, Pinaka Rocket System, Warships and Offshore Patrol Vessels etc.

The exact estimate of the savings in foreign exchange in this process is not feasible as it involves intangibles and opportunity costs.
(c) The Value of Production (VoP) in respect of these establishments is increasing continuously. A table indicating VoP figures for the last three years given below:
(Rs. in crore)

Value of Production		
2014-15	2015-16	2016-17
46391	52968	56014

(d) Defence Industry sector was opened up for private sector participation including Foreign Direct Investment (FDI) in 2001. Since then DIPP has issued 342 industrial licenses to 205 Indian private companies for manufacturing various types of defence items. Out of these, 66 companies covering 109 licences have reported commencement of production.
(e) DPSUs and OFs are continuously modernized to meet the demand of the services in terms of capability and capacities and have taken several steps to achieve self-reliance which includes in-house R&D programme, creation of new facilities/Joint ventures etc.
In so far as DRDO is concerned it is only involved in the prototype development and subsequent production is through OFBs and DPSUs. DRDO has been involving users and private industries right from the inception of many projects.

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